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WASHINGTON – Shell Oil Company and other Shell affiliates have agreed to pay the United States \$2.2 million to resolve claims that the companies violated the False Claims Act by knowingly underpaying royalties owed on natural gas produced from federal leases, the Justice Department announced yesterday. Shell Oil Company is the U.S.-based subsidiary of Royal Dutch Shell, a multinational oil company, and is a leading producer of oil and natural gas.

Congress has authorized federal and Indian lands to be leased for the production of natural gas in exchange for the payment of royalties on the value of the gas that is produced. Each month companies are required to report to the U.S. Department of the Interior (DOI) the amount of royalty that is due. This settlement resolves claims by the United States that the Shell defendants improperly deducted from royalty values the cost of boosting gas up to pipeline pressures, and improperly reported processed gas as unprocessed gas to reduce royalty payments.

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